

AMENDED IN SENATE MARCH 29, 2012

SENATE BILL

No. 1054

Introduced by Senator Pavley

February 9, 2012

An act to *amend Section 3203 of, and to add ~~Section 3227.7 to~~ Sections 3203.1 and 3203.2 to*, the Public Resources Code, relating to oil and gas.

LEGISLATIVE COUNSEL'S DIGEST

SB 1054, as amended, Pavley. Oil and gas: well operation: ~~reports: electronic submission: notice.~~

(1) Existing law requires, before commencing the work of drilling a well, the operator to file a written notice of intention to commence drilling with the State Oil and Gas Supervisor or district deputy. Existing law provides that the notice is deemed approved if the supervisor or the district deputy fails to give a written response to the notice within 10 working days from the date of receipt.

This bill would extend the response time by the supervisor from 10 working days to 15 working days.

The bill would also require the owner or operator to provide notice to, among others certain surface property owners and occupants no less than 20 calendar days prior to the planned drilling operations and would require the notice to include information about the well and the planned operations. The bill would require a well owner or operator to notify, among others, the supervisor or district deputy before commencing hydraulic fracturing operations.

The bill would also require the supervisor, beginning January 1, 2014, and on the 10th calendar day of each year thereafter, to submit

to the Legislature an annual written report regarding the implementation of this notice requirement.

~~Existing law requires an owner of a well to submit, among other things, monthly reports to the State Oil and Gas Supervisor containing specified information regarding the operation of the well.~~

~~This bill would authorize the supervisor to require those reports to be submitted in an electronic format. The bill would require the supervisor to adopt standard formats for electronic submission of a required notice or report.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. Section 3203 of the Public Resources Code is*
2 *amended to read:*

3 3203. (a) The operator of any well, before commencing the
4 work of drilling the well, shall file with the supervisor or the district
5 deputy a written notice of intention to commence drilling. Drilling
6 shall not commence until approval is given by the supervisor or
7 the district deputy. If the supervisor or the district deputy fails to
8 give the operator written response to the notice within ~~10~~ 15
9 working days from the date of receipt, that failure shall be
10 considered as an approval of the notice and the notice, for the
11 purposes and intents of this chapter, shall be deemed a written
12 report of the supervisor. If operations have not commenced within
13 one year of receipt of the notice, the notice shall be deemed
14 canceled. The notice shall contain the pertinent data the supervisor
15 requires on printed forms supplied by the division or on other
16 forms acceptable to the supervisor. The supervisor may require
17 other pertinent information to supplement the notice.

18 (b) After the completion of any well, this section also applies
19 as far as may be, to the deepening or redrilling of the well, any
20 operation involving the plugging of the well, or any operations
21 permanently altering in any manner the casing of the well. The
22 number or designation of any well, and the number or designation
23 specified for any well in a notice filed as required by this section,
24 shall not be changed without first obtaining a written consent of
25 the supervisor.

(c) If an operator ~~has failed~~ *fails* to comply with an order of the supervisor, the supervisor may deny approval of proposed well operations until the operator brings its existing well operations into compliance with the order. If an operator ~~has failed~~ *fails* to pay a civil penalty, remedy a violation that it is required to remedy to the satisfaction of the supervisor pursuant to an order issued under Section 3236.5, or ~~to~~ pay any charges assessed under Article 7 (commencing with Section 3400), the supervisor may deny approval ~~to~~ of the operator's proposed well operations until the operator pays the civil penalty, remedies the violation to the satisfaction of the supervisor, or pays the charges assessed under Article 7 (commencing with Section 3400).

SEC. 2. Section 3203.1 is added to the Public Resources Code, to read:

3203.1. (a) For the purposes of this section, "surface property owner" means the owner of a real property as shown on the latest equalized assessment roll or, if more recent information than the information contained on the assessment roll is available, the owner of record according to the county assessor or tax collector.

(b) (1) Not less than 20 calendar days prior to the planned start of drilling operations of a well, the well owner or operator shall notify all of the following:

(A) Every surface property owner or authorized agent of that owner, and every surface property occupant whose property line or place of residence is within a radius of 300 horizontal feet from the centerline of the planned vertical well-head at the surface.

(B) Every surface property owner or authorized agent of that owner, and every surface property occupant whose property line or place of residence is above any underground waters suitable for irrigation or domestic purposes that the well is reasonably anticipated to pierce.

(C) Every water supplier who uses any underground waters suitable for irrigation or domestic purposes that the well is reasonably anticipated to pierce.

(D) Every municipal government in which recipients of the notice pursuant to subparagraphs (A) and (B) are located.

(2) The notice shall be mailed or delivered. Notice to a municipal government, pursuant to subparagraph (D) of paragraph (1), may be provided electronically by prior written agreement.

(3) The notice shall include all of the following:

- 1 (A) *The location of the well.*
- 2 (B) *The well identification number, if available.*
- 3 (C) *A description of the planned drilling operations*
- 4 *understandable to a layperson.*
- 5 (D) *The time period when drilling operations are planned to*
- 6 *occur.*
- 7 (E) *Instructions on how to obtain additional information on the*
- 8 *status of drilling operations from the well owner or operator.*
- 9 (F) *The contact information for the district deputy.*
- 10 (G) *Information on how to obtain additional information on the*
- 11 *well from the division, including well log data.*

12 (4) *The well owner or operator shall provide to the supervisor*

13 *or district deputy a complete list of all recipients of the notice*

14 *required pursuant to this subdivision, in no less than 10 calendar*

15 *days prior to commencing drilling operations.*

16 (5) *The well owner or operator shall notify all recipients of the*

17 *notice required, pursuant to this subdivision, if the drilling*

18 *operations do not occur during the proposed time period.*

19 SEC. 3. *Section 3203.2 is added to the Public Resources Code,*

20 *to read:*

21 3203.2. (a) *For the purposes of this section, the following*

22 *definitions apply:*

23 (1) *“Surface property owner” means the owner of a real*

24 *property as shown on the latest equalized assessment roll or, if*

25 *more recent information than the information contained on the*

26 *assessment roll is available, the owner of record according to the*

27 *county assessor or tax collector.*

28 (2) *“Hydraulic fracturing” or “fracking” means a well*

29 *stimulation treatment that includes the application of hydraulic*

30 *fracturing fluids under pressure into an underground geologic*

31 *formation to create or propagate fractures in the formation, thereby*

32 *causing or improving the production of oil or gas from a well.*

33 (b) (1) *Thirty calendar days prior to the commencement of*

34 *hydraulic fracturing operations on a well, the well owner or*

35 *operator shall notify all of the following:*

36 (A) *The supervisor or district deputy.*

37 (B) *Every surface property owner or authorized agent of the*

38 *owner, and every surface property occupant whose property line*

39 *or place of residence is within a radius of 300 horizontal feet from*

40 *the centerline of the vertical well-head at the surface or a distance*

1 of 300 feet in any direction from the horizontal projection of the
2 subsurface portion of the designated well to the surface.

3 (C) Every surface property owner or authorized agent of the
4 owner, and every surface property occupant whose property line
5 or place of residence is above any underground waters suitable
6 for irrigation or domestic purposes that the well pierces.

7 (D) Every water supplier who uses any underground waters
8 suitable for irrigation or domestic purposes that the well pierces.

9 (E) Every municipal government in which recipients of the notice
10 pursuant to subparagraphs (B) and (C) are located.

11 (2) The notice shall be mailed or delivered. Notice to the
12 division, pursuant to subparagraph (E) of paragraph (1), may be
13 provided electronically by prior written agreement.

14 (3) The well owner or operator shall provide notice to all of the
15 following:

16 (A) The location of the well.

17 (B) The well identification number.

18 (C) A description of the planned fracking well stimulation
19 technique understandable to a layperson.

20 (D) The time period when fracking well stimulation is planned
21 to occur.

22 (E) Instructions on how to obtain additional information on the
23 status of drilling operations from the well owner or operator.

24 (F) The contact information for the district deputy.

25 (G) Information on how to obtain additional information on the
26 well, including well log data.

27 (4) The well owner or operator shall provide to the supervisor
28 or district deputy a complete list of all recipients of the notice
29 required pursuant to this subdivision, in no less than 20 days prior
30 to starting a hydraulic fracturing stimulation treatment.

31 (5) The well owner or operator shall notify all recipients of the
32 notice required pursuant to this subdivision if the hydraulic
33 fracturing well stimulation treatment does not occur during the
34 proposed time period.

35 (6) The well owner or operator shall add the actual time period
36 of the hydraulic fracturing well stimulation treatment to the records
37 contained in the well log pursuant to Section 3210 and report it
38 accordingly.

39 (c) Wells and well operations subject to Section 3234 are not
40 exempt from the notification requirements under subdivision (b).

(d) Beginning January 1, 2014, and no later than the 10th calendar day of each year, the supervisor shall submit to the Legislature a written report on the operation of, effectiveness of, and the extent of compliance with this section, in order to evaluate compliance and the regulatory burden imposed. The report shall include the total number of notices issued, the number of wells with notices, and any additional information necessary to interpret the results.

~~SECTION 1. Section 3227.7 is added to the Public Resources Code, to read:~~

~~3227.7. (a) The supervisor may require the submission of a report required pursuant to this division to be submitted in an electronic format.~~

~~(b) The supervisor shall adopt standard formats for the electronic submission of a notice or report required by this division.~~